

**Agenda Item VI.
Board of Regents' Response to HR 93 of the
2012 Regular Session of the Louisiana Legislature**

**RESPONSE TO HR 93
OF THE 2012 REGULAR SESSION
OF THE LOUISIANA LEGISLATURE**

LOUISIANA BOARD OF REGENTS



STAFF DRAFT

January 2013

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Introduction and Background

House Resolution 93 (HR 93) requests the Louisiana Board of Regents “to review the current placement of Louisiana public colleges and universities that offer academic degrees at the baccalaureate level and higher in either the Louisiana State University System, the Southern University System, or the University of Louisiana System, to study the benefits to public postsecondary education in our state and to the citizens of Louisiana that can be achieved by reorganizing the existing structure to the organizational structure proposed by House Bill No. 927 of the 2012 Regular Session of the Legislature of Louisiana, and to report in writing on study findings, conclusions, and recommendations to the legislature as provided by R.S. 24:771 and 772 and to the House Committee on Education by not later than sixty days prior to the convening of the 2013 Regular Session of the Legislature of Louisiana.” (Appendix A).

House Bill 927 (HB 927) sought to “amend and reenact R.S. 17:3215 and 3217 and to repeal R.S. 17:3216, relative to postsecondary education.” (Appendix B).

In regards to amending R.S. 17: 3215, HB 927 proposed the placing of Louisiana Tech University, the University of Louisiana at Lafayette and the University of New Orleans “under the supervision and management of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.”

In regards to amending R.S. 17: 3217, HB 927 proposed placing Southern University A&M at Baton Rouge and its agricultural extension and research programs, Southern University at Shreveport and Southern University New Orleans “under the supervision and management of the Board of Supervisors for the University of Louisiana System.”

House Bill 927, voluntarily deferred in House Education Committee on April 30, 2012, led to the introduction of House Resolution 93 that asks the Board of Regents to study the reorganization of public postsecondary education institutions as envisioned in House Bill 927. HR 93 was filed with the Secretary of State’s Office on May 30, 2012.

Issues surrounding the governance and organizational structure of public higher education in Louisiana have been comprehensively analyzed in several recent studies. This response references and relies on the findings of those studies, as those findings remain current and valid and no policy reasons support rejecting those findings. The major conclusions of these studies are briefly summarized in the following section. A review of these studies provides already researched best practices in governance and governance restructuring as it relates to Louisiana public postsecondary education. Using contemporary studies was also financially prudent given the costs of previous studies on restructuring which have resulted in few, marginal changes.

A Brief History of Public Postsecondary Education Governance in Louisiana and a Chronology of Contemporary Governance Studies

Louisiana's current public postsecondary education governance structure was established in the 1974 Constitution. The Constitution created a coordinated governing system with one statewide board (Board of Regents) responsible for developing, coordinating and regulating higher education policy plus three management boards responsible for supervising and managing the day-to-day operations of member institutions. In 1998, through a constitutional amendment, a fourth management board was added to oversee community and technical colleges.

The four management boards are comprised of the Board of Supervisors of Louisiana State University (LSU), University of Louisiana (UL), Southern University (SU) and the Louisiana Community and Technical Colleges (LCTC).

In 2009, the Public Affairs Research Council of Louisiana (PAR) published a report entitled "Higher Education Governance Structure: Louisiana's Options for Keeping Pace." The report recommended that a comprehensive study and public debate to evaluate the merits of and barriers to consolidation or elimination of programs, institutions or management boards be conducted. With this recommendation, the report also made clear that there is not an ideal governance model for higher education. The report goes on to point out that most states have developed organizational structures that are unique to their economic, political and historical setting and that economies of scale and objective determinations can only go so far in determining the number and type of institutions, degree programs and management boards.

In 2009, the Louisiana Legislature enacted Act 309 establishing the Postsecondary Education Review Commission (PERC). PERC was established "to review all aspects of postsecondary education in order to ensure that the enterprise is operating efficiently, effectively, and in a manner that best serves students, their families, and the state and to make recommendations for changes necessary to ensure that the system is operating in that manner." The commission, as dictated by Act 309, was comprised of nine members; including the president of the Southern Association of Colleges and Schools (or his designee), two members appointed by the Board of Regents from nationally recognized postsecondary education organizations or groups, two members appointed by the governor, the speaker of the House of Representatives (or his designee), the president of the Senate (or his designee), and the president of the National Association for Equal Opportunity in Higher Education (or his designee). One of the components of the 2009 PERC study was governance. PERC's final report, in regards to governance, concluded that there is no best practice as relates to models of governance. The report did, however, recommend that the legislature restructure Louisiana's postsecondary education system "so that there is one governing board for all four-year institutions and one governing board for all technical and community colleges." This recommendation was not adopted by the Louisiana Legislature.

Two years after PERC, in 2011, the Legislature adopted House Concurrent Resolution 184, which urged and requested that the Board of Regents create a commission to study the governance, management, and supervision of public postsecondary education in Louisiana. This legislation led to the creation of the Governance Commission, which was composed of eighteen members appointed by the Governor, the Legislature, the state's postsecondary education management boards and the Workforce Investment Council. Similar to what the PERC and PAR reports had stated previously, the Governance Commission's final report stated that "there is no direct correlation between the type of governance structure and improved outcomes, accountability or efficiency in public postsecondary education." The report concluded that "it is not in the best interests of the state, at this time, to undertake restructuring of its postsecondary education governance system," because the "short and long-term savings from a major restructuring of Louisiana's current postsecondary education governance structure are unknown, although there would likely be no immediate savings" and because "transition and legal costs for a major restructuring could be substantial." The report also stated that the restructuring would have an "unknown impact on current efforts to improve performance in postsecondary education." Instead, the report contended that strong policy leadership and clarity of governance roles and authority is preferable to a major restructuring. The legislature received the report and subsequently followed the recommendation not to restructure Louisiana postsecondary education.

Thus, a review of several contemporary studies on governance reveals that any discussion of restructuring needs to take the following into consideration: (a) no single governance structure is an ideal; (b) there is no evidence suggesting a correlation between any single type of governance structure and improved outcomes or efficiency; and (c) the act of restructuring itself comes with substantial cost (in both time and resources) with no promise of improved outcomes or efficiency. Thus, as was recommended by the Governance Commission, a strengthening of the existing structure is often preferable to restructuring.

Strengthening of the Existing System and Increasing Efficiency through Program Review and Collaboration

The Governance Commission stated that a major restructuring of the governance structure of public postsecondary education in Louisiana is not, at this time, in the best interest of the state. The report instead recommended strong policy leadership and clarity of governance roles. In that regard, the Board of Regents, in an effort to increase efficiency within the existing governance structure, has developed and implemented an annual program review process and has actively encouraged the development of collaborative initiatives.

Academic Affairs Policy 2.06, Board of Regents Reviews of Existing Academic Programs/Units, states that "The Board of Regents will periodically review and evaluate program quality and productivity at all levels of higher education." The Board of Regents sees academic program review as the best way to approach efficiency, streamline delivery, and achieve an overall re-balancing of the postsecondary system. In 2010-11, 456 programs that were not meeting the viability thresholds for average number of graduates

(or “completers”) were reviewed for both productivity and regional duplication. As a result, 109 academic programs were terminated, and 189 were consolidated into new or revised program offerings. Another 107 programs were granted conditional maintenance with plans for improved productivity.

Recently, the Regents staff decided to annualize the review of low-completer programs and to add a self-sufficiency component to the review. The self-sufficiency component will review departmental costs and revenues across program inventory. Programs for which enrollment and funding do not provide a neutral or positive revenue stream will be reviewed for possible elimination, consolidation with other programs on campus, for transfer to or collaboration with other campuses, or for continuation with an action plan to increase self-sufficiency. The 2012-13 review, which will begin in January 2013, and all annual reviews thereafter will focus on productivity, duplication and self-sufficiency in the evaluation of existing programs.

In addition to the annual review of existing programs, duplication and sustainability are important elements in consideration of any new academic program that is proposed. The availability of similar programs in or near the region is considered and evidence of student and employer demand is required. There is also an expectation that the new program will become self-sustaining within a reasonable amount of time after establishment.

Another major component of increasing efficiency within the existing governance structure is through the encouragement and development of collaborative initiatives across institutions. A recent example of such collaboration occurred in the fall of 2012, when the Center for Adult Learning in Louisiana (CALL) and the Board of Regents announced the establishment of a new 100% online degree offered jointly by nine public universities in Louisiana. The Bachelor of Arts in Organizational Leadership will begin enrolling students in summer 2013. Each of the nine universities is developing a unique concentration within the program. The Bachelor of Arts in Organizational Leadership serves as a template for future joint ventures among institutions. Such programs offer promise for increasing efficiencies by reducing duplication and capitalizing upon the resources and strengths of individual institutions.

In Specific Regard to the Proposed Repeal of R.S. 17:3216 and Amendment to R.S. 17: 3217

Passage of House Bill 927 would have resulted in the dismantling of the SU System through repeal of R.S. 17:3216 and the placing of the various units comprising the SU System into the UL System. As stated in the PAR report cited above, most states have developed organizational structures that are unique to their economic, political and historical settings and that economies of scale and objective determinations can only go so far to determine the number and type of institutions, degree programs and management boards. Each of the five units that comprise the SU System (Southern University A&M, the Southern University Law Center, the Southern University Agricultural Center, Southern University New Orleans, and Southern University Shreveport) include as part of its core mission serving the needs of Louisiana’s historically underserved, especially African American, students. As stated in the

Governance Commission's final report, the short and long-term savings from any type of major restructuring are unknown and are likely to effect current efforts to improve performance in postsecondary education. Placing the SU System schools within the UL System and the effective dismantling of the SU System would likely result in substantial transition efforts and costs, with unknown impacts upon current improvement efforts and little promise of any short or long-term savings.

In Specific Regard to the Proposed Amendment to R.S. 17: 3215

House Bill 927 sought to place Louisiana Tech (La. Tech), the University of Louisiana at Lafayette (ULL) and the University of New Orleans (UNO), which are all currently within the UL System, within the LSU System. La. Tech, ULL and UNO are comprehensive universities with a mission to educate undergraduate and graduate students, and to conduct research. They are also statewide universities with particular concentration on serving regional needs. The LSU System, apart from the missions of LSU-Shreveport (LSU-S), LSU-Alexandria (LSU-A) and LSU-Eunice (LSU-E), is a nationally competitive research system which seeks to serve both the state and the global community.

In 2011, the Board of Regents contracted the National Center for Higher Education Management Systems (NCHMES) to undertake a mandated study called for in Senate Resolution 123 from the 2010 Regular Session of the Louisiana Legislature, which directed the Board of Regents to study the "public postsecondary educational opportunities in the New Orleans region," to "establish the appropriate role, scope and mission" for each public postsecondary institution in the region and to "formulate a plan to make optimal use of all available resources" to serve regional needs. Subsequently, Louisiana's Governor requested the Board of Regents to study whether students could be better served if UNO and Southern University New Orleans (SUNO) merged and then the newly merged university was transferred to the UL System. The NCHMES study did not recommend the merger of UNO and SUNO citing their significantly different missions, culture and audiences, stating that "evidence from similar mergers of significantly different institutions is that it can take ten to fifteen years- and sometimes far longer- to resolve internal tensions and conflicts with the result that the ultimate costs and distractions from core missions far outweigh any intended 'savings.'" Instead, in July 2011, the Louisiana Legislature passed Senate Bill 266 (SB 266) which provided for the transfer of UNO from the LSU System to the UL System. Proponents of the transfer contended that due to its comprehensive mission similar to ULL and La. Tech, UNO was better aligned with the missions of the schools within the UL System than with the institutions comprising the LSU System.

In a similar vein, recognizing that LSU-S would better serve the regional needs of the Shreveport-Bossier area as a more regionally-focused institution, the Board of Regents in 2012 endorsed the transfer of LSU-Shreveport to the UL System, through the consolidation of LSU-S with La. Tech. This endorsement was in response to the findings of a study conducted by Eva Klein & Associates on behalf of several Shreveport-Bossier area community groups and the Board of Regents. Affirming the program deficiencies and underserved populations in the region, the study recommended the transfer of LSU-S to

the UL System as either a single institution or through consolidation with La. Tech. In both scenarios, the report cited that a transfer would be “an essential step in moving past some constraints in LSU-S’s past and countering uncertainties about its future” within the LSU System. Although the Board of Regents’ recommendation did not garner the necessary votes for passage and the Legislature did not see fit to endorse this recommendation, the Board of Regents remains in support of its recommendation in this matter.

Conclusions

Contemporary studies have shown that there is no ideal postsecondary education governance structure and that there exists no correlation between the type of governance structure and improved outcomes. Furthermore, the act of restructuring brings with it substantial costs and no guarantee of a positive return on investment.

Previous studies have instead focused on the strengthening of the existing system. This process has begun with the development of a statewide annual review process which seeks to increase efficiency, streamline delivery, and achieve an overall re-balancing of the postsecondary system, and with the development of collaborative initiatives which reduce duplication and capitalize upon the resources and strengths of individual institutions.

It should be noted, however, that the Board of Regents does not have a history of shying away from the idea of reorganization. When it deemed appropriate, the Board of Regents has recommended mergers and administrative reorganizations in the past. However, such mergers and reorganizations (such as the transition of LSU-S to the UL System) have rarely been adopted by the Legislature.

The Board of Regents does not recommend realigning the public postsecondary education institutions in Louisiana as proposed in HB 927 on the basis that such realignment will result in substantial transition efforts and costs with little promise for short or long-term savings. In addition, the proposals contained in HB 927 are not consistent with the recommendations of the Governance Commission which endorsed the strengthening of the existing system through strong policy leadership and clarity of governance roles as opposed to major restructuring.

APPENDIX A.

HOUSE RESOLUTION NO. 93
BY REPRESENTATIVE HARRISON

A RESOLUTION

To urge and request the Board of Regents to review the current placement of Louisiana public colleges and universities that offer academic degrees at the Baccalaureate level and higher in either the Louisiana State University System, the Southern University System, or the University of Louisiana System, to study the benefits to public postsecondary education in our state and to the citizens of Louisiana that can be achieved by reorganizing the existing structure to the organizational structure proposed by House Bill No. 927 of the 2012 Regular Session of the Legislature of Louisiana, and to report in writing on study findings, conclusions, and recommendations.

WHEREAS, R.S. 17:3215 through 3217 places each of the state's public colleges and universities that offer academic degrees at the baccalaureate level and higher in either the Louisiana State University System, the Southern University System, or the University of Louisiana System; and

WHEREAS, House Bill No. 927 of the 2012 Regular Session was introduced to reorganize this structure by moving certain colleges and universities from one public postsecondary education management board to another; and

WHEREAS, when House Bill No. 927 was considered by the House Committee on Education, legal counsel to the Board of Regents testified that any action by the legislature on this matter was premature due to the provisions of Article VIII, Section 5(D)(3)(b) of the Constitution of Louisiana which provides for the board to study any such proposed reorganization and to report its recommendations; and

WHEREAS, despite the volumes and volumes of studies done in the last several years by the Board of Regents relative to the governance, management, supervision, and organization of public postsecondary education in our state, the author of House Bill No.

927 voluntarily deferred further consideration of the bill to permit the board to conduct yet another study in order to make its recommendation on the merits of the proposed legislation.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby urge and request the Board of Regents to review the current placement of Louisiana public colleges and universities that offer academic degrees at the baccalaureate level and higher in either the Louisiana State University System, the Southern University System, or the University of Louisiana System, to study the benefits to public postsecondary education in our state and to the citizens of Louisiana that can be achieved by reorganizing the existing structure to the organizational structure proposed by House Bill No. 927 of the 2012 Regular Session of the Legislature of Louisiana, and to report in writing on study findings, conclusions, and recommendations to the legislature as provided by R.S. 24:771 and 772 and to the House Committee on Education by not later than sixty days prior to the convening of the 2013 Regular Session of the Legislature of Louisiana.

BE IT FURTHER RESOLVED that copies of this Resolution shall be distributed to the chairman of the Board of Regents and to the commissioner of higher education.

SPEAKER OF THE HOUSE OF REPRESENTATIVES